



February 2, 2006

Memorandum To: Medicare Advantage Prescription Drug Plans and Medicare Prescription Drug Plans

Subject: Extension of Transition Period to March 31

From: Mark McClellan, M.D., Ph.D., Administrator

As a result of our mutual efforts, every day more and more of our Medicare beneficiaries are getting the drugs they need at the right cost from their pharmacies. I know and appreciate how much hard work it has taken to make these critical improvements in beneficiary service.

However, because so many people are moving from Medicaid coverage to Medicare coverage for their prescription drugs on January 1, we recognize, as many of you already have, that some people will come back to the pharmacy for refills without having had the benefit of an appropriate transition to a formulary drug that works very similarly to their current medication or to request an exception.

I know that some of you are already providing a 90-day period to effect a meaningful transition. I also know that some potential problems are being resolved directly at the pharmacy counter with the voluntary agreement of the customer. It is imperative to ensure that every beneficiary, particularly the Medicaid/Medicare dual eligible beneficiaries, have adequate time to learn the new system and do what they need to do so that Part D covered medically necessary medications are available to them. Accordingly, I am calling for a one-time across the board extension of the transition period to March 31 for those individuals who were enrolled in the first few months of the program. This is necessary because of the extraordinary volume of transactions at both plans and pharmacies during the start-up phase of a new program that affected millions of people. For community-based individuals who enroll on March 1 or thereafter, the 30-day transition policy remains in place.

In addition, for those plans that were providing no more than a 60-day transition for long term care individuals, I am calling for a one-time across the board extension of the transition period to March 31 for those individuals who were enrolled in the first few months of the program. For those plans that were already offering a longer transition period of 90-days or more, your current transition plan will stay in place.

An across the board extension will benefit beneficiaries, plans, and providers. It will provide time for us to work with you, pharmacists and providers to assure that straight forward appeals processes are in place, and help assure that you can meet performance requirements. It will reduce the volume of calls from pharmacies to plans, thereby reducing the wait time and abandonment rate on your pharmacy help lines. It will give beneficiaries sufficient time to work with their providers to either change their prescriptions or request an exception. But most importantly, it will help ensure that no beneficiaries go without the drugs they need.

Please reply to CMS by COB Monday, February 6, 2006, with your intention to implement this transition policy. Send your reply to marrietta.mack@cms.hhs.gov. Include in the subject line the following, "90 day transition : <insert organization name(s)>". CMS staff is ready to assist you in any way they can promptly.